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8 FUNDS MANAGEMENT, LLC, and WELLS
FARGO FUNDS TRUST

10 UNITED STATES DISTRICT COURT
11 NORTHERN DISTRICT OF CALIFORNIA
12 SAN FRANCISCO DIVISION

13
14 EDWARD LEE, EDWARD ARSENAULT,
EMIL DE BACCO, RICHARD HINTON,
15 ARNOLD KREEK, and MARGRET MACHT,
Individually And On Behalf Of All Others
16 Similarly Situated,

17 Plaintiffs,

18 v.

19 WELLS FARGO & COMPANY, WELLS
FARGO FUNDS MANAGEMENT, LLC, and
20 WELLS FARGO FUNDS TRUST,

21 Defendants.

No. 08-CV-1830 WHA

WELLS FARGO & COMPANY, WELLS
FARGO FUNDS MANAGEMENT, LLC,
AND WELLS FARGO FUNDS TRUST'S
ANSWER TO AMENDED CLASS ACTION
COMPLAINT FOR VIOLATION OF THE
FEDERAL SECURITIES LAWS

1 Defendants Wells Fargo & Company, Wells Fargo Funds Management, LLC, and Wells
 2 Fargo Funds Trust (hereinafter collectively referred to as "Defendants" or "Wells Fargo") hereby
 3 respond to Plaintiffs' Amended Consolidated Class Action Complaint for Violations of the Federal
 4 Securities Laws (the "Amended Complaint").

5 Page 1, lines 1-8: Defendants lack knowledge or information sufficient to form a belief about
 6 the truth the allegations set forth in on page 1, lines 1-8, and on that basis deny the averments set
 7 forth therein. Defendants believe that there is no evidentiary support for the allegations of
 8 wrongdoing by Defendants.

9 Set forth below are specific admissions and denials of the factual allegations in the Amended
 10 Complaint. The paragraph numbers correspond to the paragraph numbers of the Amended
 11 Complaint. All allegations not expressly admitted are denied.

12 1. Defendants need not respond to this allegation because all class claims have been
 13 dismissed by the Court without leave to amend. All other allegations of paragraph 1 of the
 14 Amended Complaint are denied.

15 2. Defendants admit only that Plaintiffs purport to premise the allegations in the
 16 Amended Complaint on the Third Amended Complaint in the matter of *Siemens v. Wells Fargo &*
 17 *Co., et al.*, case no. 05-cv-4518. The Court's April 17, 2007 Order in *Siemens* speaks for itself.
 18 Defendants deny any wrongdoing and deny that any mutual fund investors not covered by the
 19 class certification order and subsequent settlement in *Siemens* are entitled to any relief.

20 3. Denied.

21 4. Denied.

22 5. Denied.

23 6. Denied.

24 7. Paragraph 7 of the Amended Complaint is a conclusion of law to which no response is
 25 required, but to the extent that any statement is intended to be an allegation of fact, it is denied.
 26 Defendants admit only that Plaintiffs purport to assert causes of action arising from federal
 27 statutes. Defendants deny all liability and deny they engaged in any wrongdoing.

28 8. The first sentence of paragraph 8 of the Amended Complaint is a conclusion of law to

1 which no response is required, but to the extent that any statement is intended to be an allegation
2 of fact, it is denied. Defendants deny the allegations in the second sentence of paragraph 8 of the
3 Amended Complaint. Defendants admit only that Wells Fargo does business in San Francisco.
4 All other factual allegations in paragraph 8 of the Amended Complaint not expressly admitted are
5 denied.

6 9. Denied.

7 10. Defendants deny the allegations of the first sentence of paragraph 10 of the Amended
8 Complaint that Lee was damaged. Defendants lack knowledge or information sufficient to form a
9 belief about the truth of the allegations set forth in the remainder of paragraph 10 of the Amended
10 Complaint, and they are therefore denied.

11 11. Defendants deny the allegations of the first sentence of paragraph 11 of the Amended
12 Complaint that Arsenault was damaged. Defendants lack knowledge or information sufficient to
13 form a belief about the truth of the allegations set forth in the remainder of paragraph 11 of the
14 Amended Complaint, and they are therefore denied.

15 12. Defendants deny the allegations of the first sentence of paragraph 12 of the Amended
16 Complaint that De Bacco was damaged. Defendants lack knowledge or information sufficient to
17 form a belief about the truth of the allegations set forth in the remainder of paragraph 12 of the
18 Amended Complaint, and they are therefore denied.

19 13. Defendants deny the allegations of the first sentence of paragraph 13 of the Amended
20 Complaint that Hinton was damaged. Defendants lack knowledge or information sufficient to
21 form a belief about the truth of the allegations set forth in the remainder of paragraph 13 of the
22 Amended Complaint, and they are therefore denied.

23 14. Defendants deny the allegations of the first sentence of paragraph 14 of the Amended
24 Complaint that Kreek was damaged. Defendants lack knowledge or information sufficient to form
25 a belief about the truth of the allegations set forth in the remainder of paragraph 14 of the
26 Amended Complaint, and they are therefore denied.

27 15. Defendants deny the allegations of the first sentence of paragraph 15 of the Amended
28 Complaint that Macht was damaged. Defendants lack knowledge or information sufficient to form

1 a belief about the truth of the allegations set forth in the remainder of paragraph 15 of the
2 Amended Complaint, and they are therefore denied.

3 16. Defendants admit that Wells Fargo & Company is the holding company for all
4 Defendants except Wells Fargo Funds Trust. Defendants admit that Wells Fargo & Company has
5 an office at 420 Montgomery Street, San Francisco, California. Defendants admit that Wells
6 Fargo & Company is a financial services company that provides the services described in
7 paragraph 16 of the Amended Complaint. Defendants deny that there was any "secret plan and
8 scheme" or any "kickback scheme" and denies the fifth sentence of paragraph 16 in its entirety.
9 Defendants admit that Plaintiffs sometimes refer to Wells Fargo & Company as the "Control
10 Person Defendants," in the Amended Complaint but deny that Wells Fargo & Company has any
11 liability in that capacity.

12 17. Defendants admit the allegations in the second and third sentences of paragraph 17 of
13 the Amended Complaint. Defendants admit only that Wells Fargo Funds Management, LLC is a
14 Delaware limited liability company registered as an investment adviser under the Investment
15 Advisers Act and was formed in early 2001. With respect to the allegations in the fourth sentence
16 of paragraph 17, the referenced document speaks for itself. Defendants deny all other allegations
17 in paragraph 17 of the Amended Complaint.

18 18. The responsibilities of and payments to Wells Fargo Funds Management are described
19 in prospectuses. The allegations of paragraph 18 differ from the descriptions in the prospectuses
20 for Wells Fargo Advantage Funds, therefore, Defendants deny the remaining allegations in
21 paragraph 18.

22 19. Defendants admit that as of June 30, 2004, Wells Fargo Funds Management managed
23 over \$75 billion in mutual fund assets. All remaining allegations in paragraph 19 of the Amended
24 Complaint are denied.

25 20. Wells Fargo Funds Trust is the Registrant for certain Wells Fargo mutual funds for
26 purposes of filing certain information with the SEC. Defendants state that Wells Fargo Funds
27 Trust is an open-end management company organized in Delaware and is registered with the SEC
28 under the Investment Company Act. Defendants admit that Wells Fargo Funds Trust has its

1 offices at 525 Market Street, San Francisco, California 94105 and is sometimes referred to in the
2 Amended Complaint as the "Registrant Defendant." All remaining allegations in paragraph 20 of
3 the Amended Complaint are denied.

4 21. Defendants lack knowledge or information sufficient to form a belief about the truth of
5 the allegations in paragraph 21 of the Amended Complaint, and they are therefore denied.

6 22. Defendants deny the allegations set forth in the last sentence of paragraph 22 of the
7 Amended Complaint. Defendants lack knowledge or information sufficient to form a belief about
8 the truth of the remaining allegations in paragraph 22 of the Amended Complaint, and they are
9 therefore denied.

10 23. Denied.

11 24. Paragraph 24 quotes selectively and incompletely from an SEC release accompanying
12 a proposed regulation that the SEC has never adopted. All other allegations in paragraph 24 of the
13 Amended Complaint are denied.

14 25. Defendants lack knowledge or information sufficient to form a belief about the truth of
15 the allegations in paragraph 25 of the Amended Complaint, and they are therefore denied.

16 26. Defendants need not respond to this allegation as it relates to the class because all class
17 claims have been dismissed by the Court without leave to amend. All other allegations of
18 paragraph 26 of the Amended Complaint are denied.

19 27. Denied.

20 28. Defendants admit only that the prospectus and statements of additional information are
21 sources of information available to purchasers of Wells Fargo mutual funds. All other allegations
22 in paragraph 28 of the Amended Complaint are denied.

23 29. Defendants need not respond to this allegation as it relates to the class because all class
24 claims have been dismissed by the Court without leave to amend. The allegations in the first and
25 second sentences of paragraph 29 of the Amended Complaint purport to be statements of law to
26 which no response is required. Defendants deny the allegations in the last sentence of paragraph
27 29 of the Amended Complaint.

28 30. Denied.

1 31. Defendants admit only that prospectuses were issued annually for Wells Fargo funds.
2 Defendants admit that Karla Rabusch was tendered for a deposition as a corporate representative
3 of Wells Fargo Funds Management, but the reference to her testimony is selective and incomplete,
4 and therefore allegations are denied. The remainder of allegations in paragraph 31 are denied.

5 32. Defendants admit that a February 1, 2000 Stock Fund Prospectus covered the funds
6 listed in paragraph 32 of the Amended Complaint. Defendants deny the remaining allegations of
7 paragraph 32 of the Amended Complaint.

8 33. Defendants state that the excerpted passages quote selectively and incompletely from
9 the February 1, 2000 Stock Fund Prospectus.

10 34. Denied.

11 35. Defendants state that the excerpted passages quote selectively and incompletely from
12 the February 1, 2000 Stock Fund Prospectus.

13 36. Denied.

14 37. Defendants deny that all the passages attributed to the February 1, 2000 Stock Fund
15 Prospectus are accurately quoted in paragraph 37 of the Amended Complaint.

16 38. Denied.

17 39. Defendants deny that all the passages attributed to the February 1, 2000 Stock Fund
18 Prospectus are accurately quoted in paragraph 39 of the Amended Complaint. All other
19 allegations are denied.

20 40. The documents referenced in paragraph 40 of the Amended Complaint speak for
21 themselves and Defendants deny they are false and misleading. All other allegations are denied.

22 41. The documents referenced in paragraph 41 of the Amended Complaint speak for
23 themselves and Defendants deny they are false and misleading. All other allegations are denied.

24 42. The excerpted passage in paragraph 42 of the Amended Complaint quotes selectively
25 and incompletely from the February 1, 2002 Prospectus and Defendants deny that the excerpted
26 passage is false and misleading. All other allegations are denied.

27 43. The documents referenced in paragraph 43 of the Amended Complaint speak for
28 themselves and Defendants deny they are false and misleading. All other allegations are denied.

1 44. The documents referenced in paragraph 44 of the Amended Complaint speak for
2 themselves and Defendants deny they are false and misleading. All other allegations are denied.

3 45. The documents referenced in paragraph 45 of the Amended Complaint speak for
4 themselves and Defendants deny they are false and misleading. All other allegations are denied.

5 46. The excerpted passage in paragraph 46 of the Amended Complaint quotes selectively
6 and incompletely from the February 1, 2004 prospectus and Defendants deny that the excerpted
7 passage is false and misleading. All other allegations are denied.

8 47. The documents referenced in paragraph 47 of the Amended Complaint speak for
9 themselves and Defendants deny they are false and misleading. All other allegations are denied.

10 48. The documents referenced in paragraph 48 of the Amended Complaint speak for
11 themselves and Defendants deny they are false and misleading. All other allegations are denied.

12 49. The excerpted passage in paragraph 49 of the Amended Complaint quotes selectively
13 and incompletely from the April 11, 2005 Stock Funds prospectus and Defendants deny that the
14 excerpted passage is false and misleading. All other allegations are denied.

15 50. The documents referenced in paragraph 50 of the Amended Complaint speak for
16 themselves and Defendants deny they are false and misleading. All other allegations are denied.

17 51. The documents referenced in paragraph 51 of the Amended Complaint speak for
18 themselves.

19 52. The excerpted passage in paragraph 52 of the Amended Complaint quotes selectively
20 and incompletely from the February 1, 2000 prospectus.

21 53. Denied.

22 54. The documents referenced in paragraph 54 of the Amended Complaint speak for
23 themselves.

24 55. Denied.

25 56. The excerpted passage in paragraph 56 of the Amended Complaint quotes selectively
26 and incompletely from the February 1, 2000 prospectus.

27 57. Denied.

28 58. The excerpted passage in paragraph 58 of the Amended Complaint quotes selectively

1 and incompletely from the February 1, 2000 prospectus and Defendants deny that the excerpted
2 passage is false and misleading. All other allegations are denied.

3 59. The documents referenced in paragraph 59 of the Amended Complaint speak for
4 themselves and Defendants deny they are false and misleading. All other allegations are denied.

5 60. The documents referenced in paragraph 60 of the Amended Complaint speak for
6 themselves and Defendants deny they are false and misleading. All other allegations are denied.

7 61. The excerpted passage in paragraph 61 of the Amended Complaint quotes selectively
8 and incompletely from the February 1, 2002 prospectus and Defendants deny that the excerpted
9 passage is false and misleading. All other allegations are denied.

10 62. The documents referenced in paragraph 62 of the Amended Complaint speak for
11 themselves and Defendants deny they are false and misleading. All other allegations are denied.

12 63. The documents referenced in paragraph 63 of the Amended Complaint speak for
13 themselves and Defendants deny they are false and misleading. All other allegations are denied.

14 64. The excerpted passage in paragraph 64 of the Amended Complaint quotes selectively
15 and incompletely from the February 1, 2004 prospectus and Defendants deny that the excerpted
16 passage is false and misleading. All other allegations are denied.

17 65. The documents referenced in paragraph 65 of the Amended Complaint speak for
18 themselves and Defendants deny they are false and misleading. All other allegations are denied.

19 66. The documents referenced in paragraph 66 of the Amended Complaint speak for
20 themselves and Defendants deny they are false and misleading. All other allegations are denied.

21 67. The excerpted passage in paragraph 67 of the Amended Complaint quotes selectively
22 and incompletely from the April 11, 2005 prospectus and Defendants deny that the excerpted
23 passage is false and misleading. All other allegations are denied.

24 68. The documents referenced in paragraph 68 of the Amended Complaint speak for
25 themselves and Defendants deny they are false and misleading. All other allegations are denied.

26 69. The documents referenced in paragraph 69 of the Amended Complaint speak for
27 themselves.

28 70. The documents referenced in paragraph 70 of the Amended Complaint speak for

1 themselves.

2 71. Denied.

3 72. The documents referenced in paragraph 72 of the Amended Complaint speak for
4 themselves.

5 73. Denied.

6 74. The excerpted passage in paragraph 74 of the Amended Complaint quotes selectively
7 and incompletely from the August 1, 2000 prospectus.

8 75. Denied.

9 76. The documents referenced in paragraph 76 of the Amended Complaint speak for
10 themselves and Defendants deny they are false and misleading. All other allegations are denied.

11 77. The documents referenced in paragraph 77 of the Amended Complaint speak for
12 themselves and Defendants deny they are false and misleading. All other allegations are denied.

13 78. The documents referenced in paragraph 78 of the Amended Complaint speak for
14 themselves and Defendants deny they are false and misleading. All other allegations are denied.

15 79. The excerpted passages in paragraph 79 of the Amended Complaint quote selectively
16 and incompletely from the August 1, 2002 prospectus and Defendants deny that the excerpted
17 passages are false and misleading. All other allegations are denied.

18 80. The documents referenced in paragraph 80 of the Amended Complaint speak for
19 themselves and Defendants deny they are false and misleading. All other allegations are denied.

20 81. The documents referenced in paragraph 81 of the Amended Complaint speak for
21 themselves and Defendants deny they are false and misleading. All other allegations are denied.

22 82. The excerpted passages in paragraph 82 of the Amended Complaint quote selectively
23 and incompletely from the August 1, 2004 prospectus and Defendants deny that the excerpted
24 passages are false and misleading. All other allegations are denied.

25 83. The documents referenced in paragraph 83 of the Amended Complaint speak for
26 themselves and Defendants deny they are false and misleading. All other allegations are denied.

27 84. The excerpted passages in paragraph 84 of the Amended Complaint quote selectively
28 and incompletely from the April 11, 2005 prospectus and Defendants deny that the excerpted

1 passages are false and misleading. All other allegations are denied.

2 85. The documents referenced in paragraph 85 of the Amended Complaint speak for
3 themselves and Defendants deny they are false and misleading. All other allegations are denied.

4 86. The documents referenced in paragraph 86 of the Amended Complaint speak for
5 themselves.

6 87. The documents referenced in paragraph 87 of the Amended Complaint speak for
7 themselves.

8 88. Denied.

9 89. The documents referenced in paragraph 89 of the Amended Complaint speak for
10 themselves.

11 90. Denied.

12 91. The documents referenced in paragraph 91 of the Amended Complaint speak for
13 themselves.

14 92. Denied.

15 93. The excerpted passages in paragraph 93 of the Amended Complaint quote selectively
16 and incompletely from the October 1, 2000 prospectus and Defendants deny that the excerpted
17 passages are false and misleading. All other allegations are denied.

18 94. The documents referenced in paragraph 94 of the Amended Complaint speak for
19 themselves and Defendants deny they are false and misleading. All other allegations are denied.

20 95. The documents referenced in paragraph 95 of the Amended Complaint speak for
21 themselves and Defendants deny they are false and misleading. All other allegations are denied.

22 96. The excerpted passages in paragraph 96 of the Amended Complaint quote selectively
23 and incompletely from the October 1, 2002 prospectus and Defendants deny that the excerpted
24 passages are false and misleading. All other allegations are denied.

25 97. The documents referenced in paragraph 97 of the Amended Complaint speak for
26 themselves and Defendants deny they are false and misleading. All other allegations are denied.

27 98. The documents referenced in paragraph 98 of the Amended Complaint speak for
28 themselves and Defendants deny they are false and misleading. All other allegations are denied.

1 99. The documents referenced in paragraph 99 of the Amended Complaint speak for
2 themselves and Defendants deny they are false and misleading. All other allegations are denied.

3 100. The excerpted passages in paragraph 100 in the Amended Complaint quote selectively
4 and incompletely from the October 1, 2004 prospectus and Defendants deny that the excerpted
5 passages are false and misleading. All other allegations are denied.

6 101. The documents referenced in paragraph 101 of the Amended Complaint speak for
7 themselves and Defendants deny they are false and misleading. All other allegations are denied.

8 102. The excerpted passages in paragraph 102 of the Amended Complaint quote selectively
9 and incompletely from the April 11, 2005 prospectus and Defendants deny that the excerpted
10 passages are false and misleading. All other allegations are denied.

11 103. The documents referenced in paragraph 103 of the Amended Complaint speak for
12 themselves and Defendants deny they are false and misleading. All other allegations are denied.

13 104. The documents referenced in paragraph 104 of the Amended Complaint speak for
14 themselves.

15 105. The excerpted passages in paragraph 105 of the Amended Complaint quote selectively
16 and incompletely from the October 1, 2000 WealthBuilder Fund Prospectus.

17 106. Denied.

18 107. The documents referenced in paragraph 107 of the Amended Complaint speak for
19 themselves.

20 108. Denied.

21 109. The documents referenced in paragraph 109 of the Amended Complaint speak for
22 themselves.

23 110. Denied.

24 111. The excerpted passages in paragraph 111 of the Amended Complaint quote selectively
25 and incompletely from the October 1, 2000 WealthBuilder Fund Prospectus and Defendants deny
26 that the excerpted passages are false and misleading. All other allegations are denied.

27 112. The documents referenced in paragraph 112 of the Amended Complaint speak for
28 themselves and Defendants deny they are false and misleading. All other allegations are denied.

1 113. The documents referenced in paragraph 113 of the Amended Complaint speak for
2 themselves and Defendants deny they are false and misleading. All other allegations are denied.

3 114. The excerpted passages in paragraph 114 of the Amended Complaint quote selectively
4 and incompletely from the October 1, 2002 WealthBuilder Funds prospectus and Defendants deny
5 that the excerpted passages are false and misleading. All other allegations are denied.

6 115. The documents referenced in paragraph 115 of the Amended Complaint speak for
7 themselves and Defendants deny they are false and misleading. All other allegations are denied.

8 116. The documents referenced in paragraph 116 of the Amended Complaint speak for
9 themselves and Defendants deny they are false and misleading. All other allegations are denied.

10 117. The excerpted passages in paragraph 117 of the Amended Complaint quote selectively
11 and incompletely from the October 1, 2004 WealthBuilder Funds prospectus and Defendants deny
12 that the excerpted passages are false and misleading. All other allegations are denied.

13 118. The documents referenced in paragraph 118 of the Amended Complaint speak for
14 themselves and Defendants deny they are false and misleading. All other allegations are denied.

15 119. The excerpted passages in paragraph 119 of the Amended Complaint quote selectively
16 and incompletely from the April 11, 2005 WealthBuilder Funds prospectus and Defendants deny
17 that the excerpted passages are false and misleading. All other allegations are denied.

18 120. The documents referenced in paragraph 120 of the Amended Complaint speak for
19 themselves and Defendants deny they are false and misleading. All other allegations are denied.

20 121. Defendants admit only that Wells Fargo mutual funds prospectuses refer to Statements
21 of Additional Information and the quoted language is reflected in those prospectuses.

22 122. Denied.

23 123. The excerpted passages in paragraph 123 of the Amended Complaint quote selectively
24 and incompletely from the February 1, 2000 Statement of Additional Information for the funds
25 listed in paragraph 122 and Defendants deny that the excerpted passages are false and misleading.
26 All other allegations are denied.

27 124. The excerpted passages in paragraph 124 of the Amended Complaint quote selectively
28 and incompletely from the February 1, 2000 Statement of Additional Information for the funds

1 listed in paragraph 122 and Defendants deny that the excerpted passages are false and misleading.
2 All other allegations are denied.

3 125. The excerpted passages in paragraph 125 of the Amended Complaint quote selectively
4 and incompletely from the February 1, 2000 Statement of Additional Information for the funds
5 listed in paragraph 122 and Defendants deny that the excerpted passages are false and misleading.
6 All other allegations are denied.

7 126. The excerpted passages in paragraph 126 of the Amended Complaint quote selectively
8 and incompletely from the February 1, 2000 Statement of Additional Information for the funds
9 listed in paragraph 122 and Defendants deny that the excerpted passages are false and misleading.
10 All other allegations are denied.

11 127. The excerpted passages in paragraph 127 of the Amended Complaint quote selectively
12 and incompletely from the February 1, 2000 Statement of Additional Information for the funds
13 listed in paragraph 122 and Defendants deny that the excerpted passages are false and misleading.
14 All other allegations are denied.

15 128. The excerpted passages in paragraph 128 of the Amended Complaint quote selectively
16 and incompletely from the February 1, 2000 Statement of Additional Information for the funds
17 listed in paragraph 122 and Defendants deny that the excerpted passages are false and misleading.
18 All other allegations are denied.

19 129. The excerpted passages in paragraph 129 of the Amended Complaint quote selectively
20 and incompletely from the February 1, 2000 Statement of Additional Information for the funds
21 listed in paragraph 122 and Defendants deny that the excerpted passages are false and misleading.
22 All other allegations are denied.

23 130. The documents referenced in paragraph 130 of the Amended Complaint speak for
24 themselves and Defendants deny they are false and misleading. All other allegations are denied.

25 131. Denied.

26 132. The excerpted passage in paragraph 132 of the Amended Complaint quotes selectively
27 and incompletely from a letter from Wells Fargo Funds Management to the Securities and
28 Exchange Commission and from Ms. Rabusch's deposition testimony. All other allegations and

1 characterizations of testimony and documents in paragraph 132 of the Amended Complaint are
2 denied.

3 133. Denied.

4 134. Defendants deny the first sentence of paragraph 134 of the Amended Complaint.
5 Defendants lack knowledge or information sufficient to form a belief about the remainder of
6 allegations in paragraph 134 of the Amended Complaint because the cited article could not be
7 accessed, and, therefore, the allegations are denied.

8 135. Denied.

9 136. Paragraph 136 of the Amended Complaint quotes selectively and incompletely from
10 documents and Defendants deny any characterizations regarding them as memorializing
11 "kickbacks" or other improper payments. All other allegations are denied.

12 137. Paragraph 137 of the Amended Complaint quotes selectively and incompletely from
13 documents and Defendants deny any characterizations regarding them as memorializing
14 "kickbacks" or other improper payments. All other allegations are denied.

15 138. Denied.

16 139. Paragraph 139 of the Amended Complaint quotes selectively and incompletely from
17 documents and Defendants deny any characterizations regarding them as memorializing
18 "kickbacks" or other improper payments. All other allegations are denied.

19 140. Paragraph 140 of the Amended Complaint quotes selectively and incompletely from
20 documents and Defendants deny the characterizations of the documents. All other allegations are
21 denied.

22 141. Paragraph 141 of the Amended Complaint quotes selectively and incompletely from
23 documents and Defendants deny the characterizations of the documents. All other allegations are
24 denied.

25 142. Paragraph 142 of the Amended Complaint quotes selectively and incompletely from
26 documents and Defendants deny the characterizations of the documents. All other allegations are
27 denied.

28 143. Paragraph 143 of the Amended Complaint quotes selectively and incompletely from

1 documents and Defendants deny the characterizations of the documents. All other allegations are
2 denied.

3 144. Defendants lack knowledge or information sufficient to form a belief about the truth of
4 the allegations set forth in paragraph 144 of the Amended Complaint, and they are therefore
5 denied.

6 145. Defendants lack knowledge or information sufficient to form a belief about the truth of
7 the allegations set forth in paragraph 145 of the Amended Complaint, and they are therefore
8 denied.

9 146. Denied.

10 147. Paragraph 147 of the Amended Complaint quotes selectively and incompletely from
11 documents and Defendants deny the characterizations of the documents. All other allegations are
12 denied.

13 148. Paragraph 148 of the Amended Complaint quotes selectively and incompletely from
14 documents and Defendants deny the characterizations of the documents. All other allegations are
15 denied.

16 149. Paragraph 149 of the Amended Complaint quotes selectively, incompletely, and
17 incorrectly from documents and Defendants deny all allegations of wrongdoing that Plaintiffs may
18 contend are evidenced or associated with these documents. All remaining allegations are denied.

19 150. The document referenced in paragraph 150 of the Amended Complaint speaks for
20 itself and Defendants deny all allegations of wrongdoing that Plaintiffs may contend are evidenced
21 or associated with this document.

22 151. Paragraph 151 of the Amended Complaint quotes selectively, incompletely, and
23 incorrectly from a document and Defendants deny all allegations of wrongdoing that Plaintiffs
24 may contend are evidenced or associated with this document. All other allegations are denied.

25 152. Paragraph 152 of the Amended Complaint quotes selectively, incompletely, and
26 incorrectly from a document and Defendants deny all allegations of wrongdoing that Plaintiffs
27 may contend are evidenced or associated with this document. All other allegations are denied.

28 153. Paragraph 153 of the Amended Complaint quotes selectively, incompletely, and

1 incorrectly from a document and Defendants deny all allegations of wrongdoing that Plaintiffs
2 may contend are evidenced or associated with this document. All other allegations are denied.

3 154. Defendants deny the allegations of paragraph 154 of the Amended Complaint that any
4 payments were improper or violated any law. Defendants only admit that a calculation of fees
5 paid to broker dealers has been performed. Defendants deny all other allegations and
6 characterizations of those payments set forth in paragraph 154 of the Amended Complaint.

7 155. Defendants lack knowledge or information sufficient to form a belief about the truth of
8 the allegations of paragraph 155 of the Amended Complaint about Plaintiffs' "belief", and they are
9 therefore denied. The documents referenced in paragraph 155 speak for themselves. All other
10 allegations are denied.

11 156. Defendants deny that paragraph 156 accurately characterizes the statements of
12 counsel.

13 157. Denied.

14 158. Denied.

15 159. Denied.

16 160. Defendants admit only that they have an operating bank account into which certain
17 payments are made. Defendants deny Plaintiffs' characterizations about how that account was
18 used. Defendants lack knowledge or information sufficient to form a belief about the truth of the
19 allegations set forth in paragraph 160 of the Amended Complaint, and they are therefore denied.
20 Defendants further state that the documents described in paragraph 160 speak for themselves.

21 161. Denied.

22 162. Ms. Rabusch's testimony is quoted selectively and incompletely and Defendants deny
23 the characterizations of the testimony. All other allegations are denied.

24 163. Because of the vague and ambiguous nature of the allegations in paragraph 163 of the
25 Amended Complaint, Defendants lack knowledge or information sufficient to form a belief about
26 the truth of these allegations, and they are therefore denied.

27 164. Denied.

28 165. Paragraph 165 of the Amended Complaint quotes selectively and incompletely from a

1 prospectus for Wells Fargo Advantage Large Cap Stock Funds and includes emphases not found in
2 the prospectus. All other allegations are denied.

3 166. Denied.

4 167. Paragraph 167 of the Amended Complaint quotes selectively and incompletely from
5 Ms. Rabusch's testimony, which speaks for itself. All other allegations are denied.

6 168. Denied.

7 169. Denied.

8 170. Denied.

9 171. Denied.

10 172. Denied.

11 173. Denied.

12 174. Denied.

13 175. Denied.

14 176. The statements set forth in paragraph 176 of the Amended Complaint purport to be
15 conclusions of law to which no response is required, but to the extent that any statement is
16 intended to be an allegation of fact, it is denied.

17 177. Denied.

18 178. The statements set forth in the third sentence of paragraph 178 appear to be
19 conclusions of law, to which no response is required, but to the extent that any statement is
20 intended to be an allegation of fact, it is denied. Because of the vague and ambiguous nature of
21 the remainder of allegations in paragraph 178 of the Amended Complaint, Defendants lack
22 knowledge or information sufficient to form a belief about the truth of the remaining allegations,
23 and they are therefore denied.

24 179. The statements set forth in paragraph 179 of the Amended Complaint purport to be
25 conclusions of law to which no response is required, but to the extent that any statement is
26 intended to be an allegation of fact, it is denied.

27 180. With respect to the allegations in paragraph 180 of the Amended Complaint,
28 Defendants admit only that a mutual fund may pay shareholder service and administrative fees

1 without adopting a 12b-1 plan. The remaining statements set forth in paragraph 180 of the
2 Amended Complaint purport to be conclusions of law to which no response is required, but to the
3 extent that any statement is intended to be an allegation of fact, it is denied.

4 181. The statements set forth in paragraph 181 of the Amended Complaint purport to be
5 conclusions of law to which no response is required, but to the extent that any statement is
6 intended to be an allegation of fact, it is denied.

7 182. The statements set forth in paragraph 182 of the Amended Complaint purport to be
8 conclusions of law to which no response is required, but to the extent that any statement is
9 intended to be an allegation of fact, it is denied.

10 183. The statements set forth in paragraph 183 of the Amended Complaint purport to be
11 conclusions of law to which no response is required, but to the extent that any statement is
12 intended to be an allegation of fact that any Wells Fargo fund paid excessive fees or that any
13 Defendants charged excessive fees, it is denied.

14 184. Denied.

15 185. The excerpt set forth in paragraph 185 of the Amended Complaint speaks for itself.
16 All remaining allegations are denied.

17 186. Defendants lack knowledge or information sufficient to form a belief about the truth of
18 the allegations in paragraph 186 of the Amended Complaint, and they are therefore denied.

19 187. Denied.

20 188. The document cited in paragraph 188 of the Amended Complaint speaks for itself. All
21 other allegations are denied.

22 189. The document cited in paragraph 189 of the Amended Complaint speaks for itself. All
23 other allegations are denied.

24 190. The document cited in paragraph 190 of the Amended Complaint speaks for itself. All
25 other allegations are denied.

26 191. Defendants lack knowledge or information sufficient to form a belief about the truth of
27 the allegations in paragraph 191 of the Amended Complaint, and they are therefore denied.

28 192. Denied.

1 193. Denied.

2 194. The quotation in paragraph 194 of the Amended Complaint appears to be a selective
3 and incomplete passage from the cited article.

4 195. The document cited in paragraph 195 of the Amended Complaint speaks for itself. All
5 other allegations are denied.

6 196. Defendants deny that there is a February 1, 2005 prospectus that contains the
7 information referenced in paragraph 196 of the Amended Complaint. The referenced documents
8 speak for themselves although only selective and incomplete information has been included from
9 those documents. All other allegations are denied.

10 197. Defendants lack knowledge or information sufficient to form a belief about the truth of
11 the information reflected in the chart in paragraph 197 of the Amended Complaint and the
12 allegations related to the chart are therefore denied. All other allegations are denied.

13 198. Defendants lack knowledge or information sufficient to form a belief about the truth of
14 the information reflected in the charts in paragraph 198 of the Amended Complaint and the
15 allegations related to the charts are therefore denied. All other allegations are denied.

16 199. Defendants lack knowledge or information sufficient to form a belief about the truth of
17 the information reflected in the charts in paragraph 199 of the Amended Complaint and the
18 allegations related to the charts are therefore denied. All other allegations are denied.

19 200. Denied.

20 201. Denied.

21 202. Denied.

22 203. Defendants deny that the article quoted in paragraph 203 is correctly quoted.

23 204. Defendants lack knowledge or information sufficient to form a belief about the truth of
24 the allegations in paragraph 204 of the Amended Complaint, and they are therefore denied.

25 205. Defendants lack knowledge or information sufficient to form a belief about the truth of
26 the allegations in paragraph 205 of the Amended Complaint, and they are therefore denied.

27 206. Denied.

28 207. Defendants lack knowledge or information sufficient to form a belief about the

1 allegations in paragraph 207 of the Amended Complaint because the cited article could not be
2 accessed, and, therefore, the allegations are denied.

3 208. Defendants lack knowledge or information sufficient to form a belief about the
4 allegations in paragraph 208 of the Amended Complaint because the cited article could not be
5 accessed, and, therefore, the allegations are denied.

6 209. Defendants lack knowledge or information sufficient to form a belief about the
7 allegations in paragraph 209 of the Amended Complaint because the cited article could not be
8 accessed, and, therefore, the allegations are denied.

9 210. Defendants lack knowledge or information sufficient to form a belief about the
10 allegations in paragraph 210 of the Amended Complaint because the cited article could not be
11 accessed, and, therefore, the allegations are denied.

12 211. Defendants lack knowledge or information sufficient to form a belief about the truth of
13 the allegations in paragraph 211 of the Amended Complaint, and they are therefore denied.

14 212. Denied.

15 213. Denied.

16 214. Denied.

17 215. Denied.

18 216. Denied.

19 217. Defendants lack knowledge or information sufficient to form a belief about the truth of
20 the allegations in the first sentence of paragraph 217 of the Amended Complaint, and, therefore,
21 the allegations in the first sentence are denied. All other allegations are denied.

22 218. Because of the vague and ambiguous nature of the allegations in paragraph 218 of the
23 Amended Complaint, Defendants lack knowledge or information sufficient to form a belief about
24 the truth of these allegations, and they are therefore denied. The cited document speaks for itself
25 and all other allegations are denied.

26 219. Defendants admit only that on or about June 8, 2005, the NASD announced
27 settlements of administrative proceedings with a number of broker dealers. That announcement
28 speaks for itself, and to the extent that this paragraph characterizes and quotes from the

1 announcement or the letters referenced in paragraph 219, those documents speak for themselves
2 and Defendants deny Plaintiffs' characterizations of them.

3 220. The document cited in paragraph 220 of the Amended Complaint speaks for itself and
4 all other allegations are denied.

5 221. Denied.

6 222. The documents cited in paragraph 222 of the Amended Complaint speak for
7 themselves and all other allegations are denied.

8 223. The allegations in the first four sentences of paragraph 223 of the Amended Complaint
9 appear to be conclusions of law to which no response is required, but to the extent that any
10 statement is intended to be an allegation of fact, it is denied. All other allegations are denied.

11 224. Defendants lack knowledge or information sufficient to form a belief about the truth of
12 the allegations in paragraph 224 of the Amended Complaint, and they are therefore denied.

13 225. Denied.

14 226. Defendants lack knowledge or information sufficient to form a belief about the truth of
15 the allegations set forth in paragraph 226 of the Amended Complaint because of their vague and
16 ambiguous nature and because the allegations represent a commentary across the entire mutual
17 entire industry without regard to time and without any context, therefore, the allegations in
18 paragraph 226 of the Amended Complaint are denied.

19 227. The Report cited in paragraph 227 of the Amended Complaint speaks for itself and all
20 other allegations are denied.

21 228. The statements set forth in paragraph 228 of the Amended Complaint purport to be
22 conclusions of law to which no response is required, but to the extent that any statement is
23 intended to be an allegation of fact, it is denied.

24 229. The statements set forth in paragraph 229 of the Amended Complaint purport to be
25 conclusions of law to which no response is required, but to the extent that any statement is
26 intended to be an allegation of fact, it is denied.

27 230. Defendants admit only that the individuals listed in paragraph 230 of the Amended
28 Complaint serve or formerly served as Trustees at one point for the Wells Fargo Funds Trust. All

1 other allegations are denied.

2 231. Denied.

3 232. Denied.

4 233. The documents cited in paragraph 233 of the Amended Complaint speak for
5 themselves and all other allegations are denied.

6 234. Denied.

7 235. Denied.

8 236. The article referenced in paragraph 236 of the Amended Complaint speaks for itself
9 and all other allegations are denied.

10 237. Denied.

11 238. Denied.

12 239. Denied.

13 240. Denied.

14 241. Denied.

15 242. Denied.

16 243. Defendants need not respond to this allegation as it relates to the class because all class
17 claims have been dismissed by the Court without leave to amend. All other allegations of
18 paragraph 243 of the Amended Complaint are denied.

19 244. Defendants need not respond to this allegation as it relates to the class because all class
20 claims have been dismissed by the Court without leave to amend. All other allegations of
21 paragraph 244 of the Amended Complaint are denied.

22 245. Denied.

23 246. The document cited in paragraph 246 of the Amended Complaint speaks for itself and
24 all remaining allegations are denied.

25 247. Defendants lack knowledge or information sufficient to form a belief about the truth of
26 the allegations set forth in the remainder of paragraph 247 of the Amended Complaint, and they
27 are therefore denied.

28 248. Defendants admit only that on or around April 11, 2006 the First Amended Complaint

1 in *Siemers* was filed but deny all other allegations of paragraph 248 of the Amended Complaint.

2 249. Defendants need not respond to the allegations in paragraphs 249 - 255 of the
3 Amended Complaint because all class claims have been dismissed by the Court without leave to
4 amend.

5 256. Defendants incorporate by reference their response to each and every allegation set
6 forth above to any allegation that may be incorporated by reference in paragraph 256 of the
7 Amended Complaint.

8 257. Denied.

9 258. Denied.

10 259. Denied.

11 260. Denied.

12 261. Denied.

13 262. Denied.

14 263. Denied.

15 264. Denied.

16 265. Defendants need not respond to this allegation as it relates to the class because all class
17 claims have been dismissed by the Court without leave to amend. All other allegations of
18 paragraph 265 of the Amended Complaint are denied.

19 266. Defendants incorporate by reference their response to each and every allegation set
20 forth above to any allegation that may be incorporated by reference in paragraph 266 of the
21 Amended Complaint.

22 267. Denied.

23 268. Denied.

24 269. Denied.

25 270. Denied.

26 Page 109, lines 4-15, "Prayer for Relief": Defendants need not respond to the Prayer for Relief
27 as it relates to the class because all class claims have been dismissed by the Court without leave to
28 amend. Defendants deny that that the relief requested in items (b)-(e) should be awarded.

1 Page 109, lines 16-17, "Jury Trial Demanded": Defendants demand a jury trial for only those
2 claims subject to trial by jury.

3 All allegations in the Amended Complaint not specifically addressed above are denied.
4

5 **AFFIRMATIVE DEFENSES**

6
7 **FIRST AFFIRMATIVE DEFENSE**

8 The Amended Complaint and each of its purported claims fail to state a claim upon which
9 relief can be granted.
10

11 **SECOND AFFIRMATIVE DEFENSE**

12 The Amended Complaint fails to plead fraud with the particularity required by Rule 9(b) of
13 the Federal Rules of Civil Procedure and/or the Private Securities Litigation Reform Act.
14

15 **THIRD AFFIRMATIVE DEFENSE**

16 Plaintiffs' claims are barred by the applicable statutes of limitation (including but not limited to
17 28 U.S.C. §1658(b)(1)) and by the doctrine of laches.
18

19 **FOURTH AFFIRMATIVE DEFENSE**

20 Some or all of the misrepresentations and/or omissions alleged in the Amended Complaint are
21 forward-looking statements and therefore the statutory "safe harbor" provision set forth in section
22 27A of the Securities Act of 1933, 15 U.S.C. §77z-2, preclude any recovery based on these
23 statements.
24

25 **FIFTH AFFIRMATIVE DEFENSE**

26 Plaintiffs' claims are barred in whole or in part because Defendants acted at all times in good
27 faith and/or did not know, and in the exercise of reasonable care could not have known, or had
28 reasonable grounds to believe, that any misstatements or omissions of material fact existed in any

1 mutual fund prospectus or SAI.

2
3 **SIXTH AFFIRMATIVE DEFENSE**

4 With respect to all parts of any mutual fund prospectus or SAI not purporting to be made on
5 the authority of an expert, not purporting to be a copy of or an extract from a report or valuation of
6 an expert and not purporting to be made on the authority of a public official document or statement,
7 Defendants had reasonable ground to believe and did believe, at the time such part of the prospectus
8 or SAI became effective, that the statements therein were true and that there was no omission to
9 state a material fact required to be stated therein or necessary to make the statements therein not
10 misleading.

11
12 **SEVENTH AFFIRMATIVE DEFENSE**

13 With respect to all parts of any mutual fund prospectus or SAI that were purported to be made
14 on the authority of an expert or purported to be a copy of or an extract from a report or valuation of
15 an expert, Defendants had no reasonable ground to believe and did not believe, at the time such part
16 of the prospectus or SAI became effective, that the statements therein were untrue or that there was
17 an omission to state a material fact required to be stated therein or necessary to make the statements
18 therein not misleading, or that such parts of the public disclosure did not fairly represent the
19 statement of the expert or were not fair copies or extracts from the report or valuation of the expert.

20
21 **EIGHTH AFFIRMATIVE DEFENSE**

22 Defendants' acts and omissions were undertaken in good-faith reliance on then-current
23 guidelines and representations made by the SEC.

24
25 **NINTH AFFIRMATIVE DEFENSE**

26 Defendants acted at all times in good faith and did not directly or indirectly induce any act or
27 conduct alleged by the Amended Complaint to constitute a violation of law.

TENTH AFFIRMATIVE DEFENSE

The damages alleged by Plaintiffs are not damages legally cognizable under Section 10b or Rule 10b-5 of the Securities Exchange Act of 1934.

ELEVENTH AFFIRMATIVE DEFENSE

Some or all of the Plaintiffs' purported damages were caused by factors other than the misstatements and omissions alleged in the Amended Complaint and thus are barred as damages.

TWELFTH AFFIRMATIVE DEFENSE

Some or all of the Plaintiffs' purported damages are barred by the doctrine of causation as set forth in *Dura Pharm. v. Broudo*, 544 U.S. 336, 341, 342 (2005).

THIRTEENTH AFFIRMATIVE DEFENSE

Some or all of the Plaintiffs failed to act reasonably to protect themselves from, or to mitigate, any of the damages they allegedly suffered.

FOURTEENTH AFFIRMATIVE DEFENSE

Some or all of the Plaintiffs would be unjustly enriched if they were allowed to recover anything in the action.

FIFTEENTH AFFIRMATIVE DEFENSE

The losses, if any, of some or all of the Plaintiffs are speculative or uncertain and, thus, not compensable.

SIXTEENTH AFFIRMATIVE DEFENSE

Some or all of Plaintiffs' claims are barred by the doctrine of waiver.

SEVENTEENTH AFFIRMATIVE DEFENSE

None of the fees received by Wells Fargo Funds Management are excessive within the meaning of the Investment Company Act of 1940 Section 36(b) and *Gartenberg v. Merrill Lynch Asset Management*, 694 F.2d 923 (2d Cir. 1982).

EIGHTEENTH AFFIRMATIVE DEFENSE

Plaintiffs' claims are barred by the failure of Plaintiffs to read or rely on any Prospectus and such reliance is not excused by any rule of law.

NINETEENTH AFFIRMATIVE DEFENSE

Any allegedly untrue statements of material fact, omissions of material fact, misleading statements, or other actions allegedly undertaken by Defendants were not material to the investment decisions of a reasonable investor.

TWENTIETH AFFIRMATIVE DEFENSE

Plaintiffs, by purchasing shares of a particular fund and reinvesting, agreed with, accepted, endorsed and otherwise approved the level of challenged fees. Accordingly, Plaintiffs are estopped and otherwise barred from complaining about those fees.

TWENTY-FIRST AFFIRMATIVE DEFENSE

To the extent Plaintiffs continued to own the funds at issue herein, they are barred from any award of money damages with respect thereto.

TWENTY-SECOND AFFIRMATIVE DEFENSE

Defendants reserve the right to assert any additional defenses that may become available and appropriate as the investigation of the Plaintiffs' claims continues.

PRAYER FOR RELIEF

WHEREFORE, Defendants pray that:

1. Plaintiffs take nothing by the Amended Complaint;
2. The Amended Complaint be dismissed in its entirety with prejudice and judgment be entered for Defendants;
3. Defendants be awarded their costs of suit, attorneys' fees and expert witness fees; and
4. Defendants be awarded such other further relief as the Court may deem proper.

DATED: September 2, 2009.

GILBERT R. SEROTA
JEREMY T. KAMRAS
HOWARD RICE NEMEROVSKI CANADY
FALK & RABKIN
A Professional Corporation

By: _____/s/_____
GILBERT R. SEROTA

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